

Message Text

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PAGE 01 GENEVA 06593 01 OF 02 011809Z
ACTION STR-07

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 JUSE-00
AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 EB-08
FRB-03 H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00
NSC-05 PA-01 CTME-00 AID-05 SS-15 ITC-01 TRSE-00
ICA-11 SP-02 SOE-02 OMB-01 DOE-15 /126 W
-----124843 011817Z /46

P 011743Z MAY 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 9070
INFO AMEMBASSY OTTAWA

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 06593

USMTN
ACTION STR PASS ELECTRICALLY
STR PASS CODEL

E.O.11652:N/A
TAGS: MTN, ETRD, CA
SUBJECT: MTN - US/CANADA BILATERAL

1. SUMMARY: USDEL MET WITH CANADIANS ON SCHEDULE 2 AND NONFERROUS METAL ITEMS NOT COVERED BY CANADIAN SECTOR PROPOSALS. USDEL GAVE CANADIANS INDICATIONS OF AREAS WE WOULD LIKE TO SEE IMPROVEMENTS IN CANADIAN OFFER. CANADIANS SAID THEY HAD VERY FEW PROBLEMS WITH U.S. OFFER IN THESE AREAS. END SUMMARY.

2. USDEL (HAMERSCHLAG, ET AL) MET WITH CANADIAN DEL (DENIS, ET AL) ON APRIL 28 TO DISCUSS NONFERROUS METALS AND FOREST PRODUCTS, PRINCIPALLY THOSE ITEMS NOT COVERED BY THE CANADIAN SECTOR PROPOSALS. USDEL INDICATED THAT A LIST OF U.S. REQUESTS WAS BEING PREPARED AND WOULD BE READY SOON, BUT THAT WE WERE ALREADY IN A POSITION TO
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PAGE 02 GENEVA 06593 01 OF 02 011809Z

GIVE THE CANADIANS INDICATIONS OF U.S. PRIORITY INTERESTS. THE CANADIANS INDICATED THEY HAD VERY FEW PROBLEMS WITH THE U.S. OFFER IN BOTH OF THESE AREAS.

3. FOLLOWING IS BRIEF SUMMARY OF DISCUSSION ON MAJOR ITEMS:

A. CANADIAN TARIFF 17100, BOOKS, ETC. U.S. POINTED OUT THAT CANADA HAD NOT YET IMPLEMENTED TORONTO AGREEMENT (ELIMINATION OF DUTY ON BOOKS) ALTHOUGH U.S. HAD ENACTED COPYRIGHT EXEMPTION FOR CANADA. CANADIANS ACKNOWLEDGED THE EXISTING OBLIGATION AND INDICATED THEY MIGHT DEAL WITH THE MATTER UNILATERALLY, OUTSIDE THE MTN.

B. CANADIAN TARIFF ITEM 17800, PRINTED ADVERTISING MATTER. USDEL POINTED OUT THAT THIS ITEM IS SOURCE OF IRRITATION, PARTICULARLY REGARDING SALES BROCHURES AND THE LIKE. WE WANT TO REMOVE AN IRRITANT AND AN EXTRA COST OF DOING BUSINESS IN CANADA BY PROPOSING THAT ADVERTISING PROMOTING SALES OF U.S. PRODUCTS ENTER CANADA DUTY-FREE. THIS COULD BE ACCOMPLISHED BY EXTENDING THE PRESENT EXEMPTION ENJOYED BY COMMONWEALTH COUNTRIES ON AN MFN BASIS. CANADIAN DEL DOUBTED THIS WAS FEASIBLE BECAUSE MULTINATIONALS USE SAME BRAND NAMES IN U.S. AND CANADA, AND IT WOULD BE DIFFICULT TO DISTINGUISH. THEY ASKED IF WE WERE INTERESTED IN ALL PARTS OF THE TARIFF NUMBER, SINCE THE SENSITIVITY WOULD VARY. FOR EXAMPLE, CATALOGUES AND PRICE LISTS MIGHT BE A POSSIBILITY.

C. CANADIAN TARIFF ITEM 18030, BLUEPRINTS. USDEL POINTED OUT THAT WE WENT TO FREE ON THIS ITEM AT CANADA'S REQUEST, BUT THEY OFFERED ONLY A FORMULA CUT. WE ALSO POINTED OUT THE PROBLEMS THAT CANADIAN VALUATION SYSTEM LIMITED OFFICIAL USE

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PAGE 03 GENEVA 06593 01 OF 02 011809Z

POSES FOR U.S. ARCHITECTS. CANADIANS RESPONDED THAT U.S. WAS ASKING A LOT IN REQUESTING A REDUCTION FROM 17.5 PERCENT TO FREE AND A CHANGE IN THE VALUATION SYSTEM IN RETURN FOR OUR GOING FROM 4 PERCENT TO FREE.

D. CANADIAN TARIFF ITEM 18105, POSTCARDS. USDEL POINTED OUT THAT U.S. OFFERED FULL AUTHORITY CUTS ON OUR THREE TARIFF LINES FOR POST CARDS, AND WE ASKED CANADIANS FOR A DEEPER THAN FORMULA CUT.

E. ON PHOTOGRAPHIC PAPERS AND RELATED ITEMS, ABRASIVE PAPERS AND PAPER SACKS AND BAGS, WE INDICATED AN INTEREST IN GREATER THAN FORMULA CUTS.

F. ITEM 19500, WALL PAPER. WE ASKED THE CANADIANS TO CONSIDER GOING TO FREE AND INCLUDING WALL PAPER SAMPLE BOOKS IN THE SAME TARIFF ITEM.

G. ON TWO BASKET CATEGORIES, ITEMS 19200 AND 19700, WE INDICATED AN OVERALL INTEREST IN A CUT TO 8 PERCENT FOR THOSE ITEMS NOT INCLUDED IN THE SECTOR PROPOSALS.

4. ITEM 19755, FIBERBOARD FOR PLASTIC PRODUCTS. SINCE THIS ITEM WAS THE FIRST EXAMPLE, U.S. RAISED THE ISSUE OF MADE IN CANADA TREATMENT, POINTING OUT THE STRONG FEELING IN THE U.S. AGAINST THIS TYPE OF HEADING. THE CANADIANS INFORMALLY FLOATED THE IDEA OF REMOVING THE MADE IN CANADA DESIGNATION AND OFFERING A FORMULA CUT ON THIS UNBOUND ITEM. WE SAID THAT WE COULD CONSIDER THAT TYPE OF PROPOSAL, AS LONG AS IT DID NOT JEOPARDIZE ANY PRESENTLY BOUND FREE RATES. WE AGREED TO CONSIDER THE MADE IN CANADA ISSUE IN MORE DETAIL WHEN WE TOOK UP MACHINERY.

5. WE ALSO INDICATED U.S. INTERESTS IN A NUMBER OF OTHER NON-SECTOR PAPER ITEMS, INCLUDING PAPER ENVELOPES, LIMITED OFFICIAL USE

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PAGE 04 GENEVA 06593 01 OF 02 011809Z

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PAGE 01 GENEVA 06593 02 OF 02 011809Z
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LIMITED OFFICIAL USE SECTION 02 OF 02 GENEVA 06593

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FINISHED PAPER, AND PAPER CONTAINERS. IN ADDITION, WE FLAGGED U.S. INTEREST IN ITEMS COVERED BY THE CANADIAN

SECTOR PROPOSALS, SUCH AS COATED AND BLEACHED KRAFT BOARD AND CAST COATED BOXBOARD. WE MADE SIMILAR INDICATIONS ON WOOD PRODUCTS COVERED BY THE SECTOR PROPOSALS, SUCH AS VENEERS, WOOD MOLDINGS, AND WOODEN DOORS.

6. IN THE BRIEF DISCUSSION ON NONFERROUS METALS NOT COVERED BY THE CANADIAN SECTOR PROPOSALS, THE CANADIANS INDICATED THAT THEY HAD FEW PROBLEMS WITH OUR OFFER, BUT THEY DID ASK ABOUT THE REASONS FOR EXCEPTIONS ON TITANIUM AND SILICON.

7. USDEL INDICATED SOME ITEMS OF INTEREST TO THE U.S. IN THE ALUMINUM SECTOR. ON MAGNESIUM, WE POINTED OUT THAT THE U.S. HAD OFFERED A SUBSTANTIAL REDUCTION IN DUTY, BRINGING THE U.S. RATE MORE IN LINE WITH THE LIMITED OFFICIAL USE

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PAGE 02 GENEVA 06593 02 OF 02 011809Z

CANADIAN. THIS WOULD ARGUE FOR CANADA TO MAKE AT LEAST A FORMULA CUT ON THE ITEM. CULBERT

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: METALS, MEETINGS, FOREIGN TRADE
Control Number: n/a
Copy: SINGLE
Draft Date: 01 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978GENEVA06593
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780185-0958
Format: TEL
From: GENEVA USMTN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197805106/aaaadmkr.tel
Line Count: 193
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 0fb3a494-c288-dd11-92da-001cc4696bcc
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2532720
Secure: OPEN
Status: NATIVE
Subject: MTN - US/CANADA BILATERAL
TAGS: ETRD, CA, MTN
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/0fb3a494-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014